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Report on the assessment of the cost recovery policy effectiveness*

Summary

The cost recovery policy of UNDP remains anchored in the harmonized principles commonly accepted by United Nations organizations. UNDP is cognizant of the fact that, in the light of several years of policy implementation, there is a need to simplify its cost recovery policy approach in line with inter-organization harmonization efforts so as to increase the effectiveness of policy application. Specifically, the present report suggests that UNDP fix the base target at seven per cent to recover the variable indirect costs of new projects funded from third-party cost sharing and trust funds.

Elements of a decision

The Executive Board may wish to:

(a) *Recall* decision 2003/22 in which the current approach to cost recovery was endorsed;

(b) *Welcome* the recent progress in the area of cost recovery policy harmonization among United Nations Development Group Executive Committee agencies for multi-donor trust funds, joint programmes, and joint offices;

(c) *Reiterate* the need for UNDP to continue monitoring efforts to ensure that functions linked to the management of other resources are adequately funded without undue subsidization by the regular resources;

(d) *Take note* of the present report and endorse the policy elements contained therein as regards the recovery of indirect and direct support costs; and, in particular, *recommend* that a general management support cost recovery rate of seven per cent be established as the target for new third party and trust fund contributions, with programme country contributions assessed at three per cent.

*The compilation of data required to provide the Executive Board with the most current information has delayed submission of the present report.

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I. Background

1. This report is submitted in response to decision 2004/30, requesting UNDP "to carry out a review of its cost-recovery policy after two years and to report to the Board at its September session 2007 on the lessons learned from the new policy, including the aggregate cost recovery rate". Additionally, the more recent decision 2006/30 requested UNDP to provide additional financial and substantive analysis on the current cost-recovery practices and the estimated costs incurred in providing general management support.

2. The Executive Board discussion that led to the latter decision highlighted concerns on the effectiveness of the current policy in meeting the 7 per cent recovery target which the organization had previously recognized[1] as the target rate applicable to all third-party and trust fund contributions. With that recognition, however, came a policy decision to pursue a *gradual* alignment of all projects to the 7 per cent target. As a result, a rate range of 5 to 7 per cent was deemed appropriate in the short to medium term.

3. UNDP maintains that the variable indirect costs of general management support (GMS) are assessed at the aggregate level for both 'regular' and 'other' resources-funded programmes. The basic assumption is that all contributions – regardless of their origin – receive the same level of GMS from the organization. The nature of such costs makes it difficult to trace and apportion them to specific donor-financed programmes, projects, and activities. While the direct costs of supporting individual programmes and projects are known (as reflected in the specific project budgets), UNDP is not in a position to determine whether these programmes entail higher or lower indirect costs.

4. This report focuses on four main aspects. First, it provides a summary of the policy and a record of its implementation. Second, it details the rationale for the current rates in view of aggregate financial analysis and country-specific analysis. Third, it highlights the progress towards inter-organization policy harmonization. Last, it sets forth some recommendation for policy adjustments on the basis of implementation experience.

II. Summary of current policy principles and practices

5. As understood in UNDP (and most other United Nations organizations), cost recovery is the charge levied on other resources programme expenditures for the estimated incremental costs to UNDP associated with assuming the responsibility for managing the implementation of programmes funded through other resources.

6. The current policy, in use since 2004, is based on a harmonized set of principles and cost definitions common to United Nations organizations and endorsed by the Executive Board in its decision 2004/30 (see boxes 1 and 2). Four previous reports[2] elaborated on the current UNDP cost recovery policy based on the proportionality argument and harmonized cost recovery principles among United Nations Development Group (UNDG) member organizations.

[1] See *UNDP strategic cost management and implications for cost recovery* (DP/2004/35)
[2] DP/2004/35, DP/2005/CRP.4, DP/2005/CRP.5, and DP/2006/41

Box 1. Harmonized cost recovery principles

1. In a multi-funded organization (having regular and other resources) each source of funding should bear all attributable costs for the necessary management provided by the organization.

2. All costs can be classified into 'direct', 'fixed indirect', and 'variable indirect' costs, based on the mandate and business model of each organization (see box 2).

3. While United Nations organizations have agreed on a common definition of cost categories, each organization needs to match its costs against those categories in order to make them meaningful. Cost recovery would generally apply to variable indirect costs. In organizations without untied contributions, all indirect costs must be recovered.

7. Harmonized cost definitions in particular, as summarized below, are highly relevant in the context of current UNDP cost recovery practices.

Box 2. Cost classification – harmonized cost definitions

Direct costs. Direct costs are all costs that are incurred for and can be traced in full to the activities, projects and programmes of an organization in fulfilment of its mandate. Included are the costs of project personnel, equipment, project premises, travel and any other inputs necessary to achieve the results and objectives established for programmes and projects.

Fixed indirect costs. These are all costs incurred by the organization regardless of the scope and levels of its activities that cannot be traced unequivocally to specific activities, projects or programmes. These costs typically include the top management of an organization, its corporate costs, and statutory bodies not related to service provision.

Variable indirect costs. Variable indirect costs are all costs incurred by the organization as a function and in support of its activities, projects and programmes, that cannot be traced unequivocally to specific activities, projects or programmes. These costs typically include services and administrative units, as well as their related system and operating costs.

8. In UNDP, cost recovery applies to the *variable indirect* and *direct* cost components. These are expressed as two distinct categories of programme support services, namely, GMS (indirect costs) and implementation support services (ISS – direct costs).

9. GMS encompasses general oversight and management functions of UNDP headquarters and country office units. These constitute variable indirect costs incurred by UNDP as a whole for specific services, such as, for example:

(a) Project identification, formulation, and appraisal;
(b) Determination of execution modality and local capacity assessment;
(c) Briefing and debriefing of project staff and consultants;
(d) General oversight and monitoring, including participation in project reviews;
(e) Receipt, allocation and reporting to the donor of financial resources;
(f) Policy advice and technical backstopping;
(g) Knowledge management and transfer; and
(h) Systems, information technology infrastructure, and branding,

10. For third-party cost sharing and trust funds, the current policy prescribes a GMS rate in the 5-7 per cent range on each contribution. For programme country contributions, the rate is 3 per cent, assessed on the whole portfolio of contributions.

11. Although the present report focuses specifically on the *variable indirect costs* incurred in providing general management support to UNDP programmes, it should

be noted that it is the policy of UNDP to charge to projects all *direct* ISS costs (provided mainly by country offices). These include:

(a) Payments;
(b) Recruitment of staff;
(c) Procurement of services and equipment;
(d) Organization of training activities;
(e) Travel authorization; and
(f) Shipping.

12. As they represent two distinct cost categories, GMS and ISS are not fungible. Only GMS costs are recovered on the basis of a percent fee. With respect to ISS, since these are actual costs of providing implementation support to a specific project, project budgets should identify these direct costs and charge them as programme costs.

III. Policy implementation assessment

13. Between 2004 (when the policy was introduced) and 2006 UNDP made considerable progress in increasing the average cost recovery rate and met the target rate for programme country contributions (3 per cent). However, the gradual objective of an average target rate of 7 per cent GMS for third-party cost sharing has not been met to date. In that regard, UNDP consistently monitors GMS policy compliance by country offices as reflected in two 'balanced scorecard' indicators which measure, for each office, the ratio between total non-core programme expenditure and GMS charges. Table 1, below, presents an aggregate GMS analysis for the two categories of donor cost-sharing, local (3 per cent target) and third-party (5-7 per cent target). The rates identified represent how much of total programme expenditure has been recorded as general management support. Annex 1 presents a region-by-region breakdown of cost-recovery income earned.

Table 1. Aggregate GMS rate (all country offices), 2004-06

Type of cost-sharing contribution	2004	2005	2006
Trust funds and third-party cost sharing (target: 5-7%)	2.6%	3.7%	4.6%
Programme country cost sharing (target: 3%)	2.9%	3.4%	3.0%

**Source: UNDP balanced scorecard. Excludes trust funds where GMS is recovered centrally at the fund manager level and subsequently distributed to country offices.*

It is important to emphasize that the above data refers to country offices expenditures only; that is, it excludes centrally managed trust funds (such as the Global Environment Facility and the thematic trust funds) for which the GMS rate is set centrally and in compliance with the current minimum policy target (5 per cent).

IV. Calculation of programme variable indirect costs

14. Over the last several years, UNDP has been engaged in a dialogue with the Executive Board on what constitutes the appropriate level of recovery to offset the costs incurred by these organizational units in providing GMS to programme. This

assessment of cost recovery policy effectiveness, therefore, also provides some elements of analysis and identifies a desirable target rate against which the policy can be benchmarked.

15. Any method of determining support cost rates will attempt to establish "what share of the costs associated with existing administrative and other support structures are appropriately borne by core resources and what must be borne from extrabudgetary resources"[3]. The approach to determining the technically appropriate proportion of cost recovery requires examining the aggregate amounts required to support the programme.

16. The key factors in determining the required aggregates are (a) the levels of both the programmes and the support costs; and (b) the levels of fixed support costs related to core UNDP functions. The second factor consists of the 'base structure' of UNDP, which is that portion of the support budget that finances its basic platform. The 'base structure' concept was introduced in document DP/2003/28. This is the minimum capacity that the organization needs in order to be able to deliver on its core mandate on account of its global geographical coverage. The base represents the fixed costs of the organization and is always funded from regular resources.

17. In line with the harmonized cost recovery principles (box 1 above), these fixed costs of the base must be subtracted from the overall support costs in order to determine the share of variable indirect costs to be apportioned proportionately between regular and other resources.

18. While the base structure concept remains constant, the size may change from time to time, given different functions and programme or management mandates. The most accurate data currently available regarding the base structure is taken from the 2006-2007 biennial support budget (DP/2005/31). For the 2006-2007 biennium, UNDP has reviewed the core net biennial support budget level of $719 million (excluding UNCDF) and has determined that a total of $446 million, or 64.1 per cent of the total (or 51 per cent of total number of posts funded from regular resources), represents the base structure of the organization. This amount was determined by taking the cost of all core posts allocated to the base structure functions and adding to that the proportionate share of non-staff costs from the total support budget. The funding proportion can be confirmed in general terms by reviewing table 5 in the 2006-2007 biennial support budget[4].

19. In addition to the base structure, several other cost elements within the biennial support budget totals should be removed from the total because they do not represent management costs related to oversight of the programmes[5]. Following these adjustments, it is thus possible to determine the amount of variable indirect costs that should be apportioned proportionally between regular and other resources.

[3] See JIU/REP/2002/3, *Support costs related to extrabudgetary activities in organizations of the United Nations System*, Joint Inspection Unit (2002), p. 11.

[4] See DP/2005/31, Table 5

[5] Within regular resources, the income to the budget (which consists of GLOC, support for UN Volunteers and adjustments for tax reimbursements) should be subtracted. In the category of other resources, reimbursements relating to headquarters services to other agencies are removed, as are the listed extra budgetary costs for the Inter-Agency Procurement Support Office and for United Nations Volunteers. Adjustments are also required for: (a) the amounts of implementation support services included in cost recovery (which should be direct project costs); (b) the cost of staff managing specific trust-fund support in the Bureau for Development Policy; and (c) the cost of services provided by country offices to other United Nations organizations (similar to the headquarters reimbursements).

The objective of the policy is to apportion these variable costs proportionally between regular and other resources.

20. Based on these key methodological assumptions, this section provides two analyses (detailed in tables 4 and 5 in annex 1) aimed at establishing the target rate range. The first analysis looks at the overall programme and support levels for donor resources (regular and extra budgetary resources) and estimates for the 2006-2007 biennium included in the biennial support budget. The second verifies the validity of the first analysis by looking at available 2006 expenditure data instead, as opposed to budget figures. The two analyses reveal that over the 2006-2007 biennium, UNDP variable indirect costs were in the 7-8 per cent range.

21. Taking aggregate budget figures estimated in the 2006-2007 biennial support budget, the resulting calculation shows that the aggregate net management costs for all donor resources (regular and extrabudgetary) is slightly over 8 per cent (see annex 1, table 4).. By that analysis, based on budget estimates UNDP would then have to charge GMS at rates closer to 8 per cent in the aggregate in order to achieve proportional burden-sharing of its management costs (net of the base structure).

22. At the same time, it should be noted that that percentage might slightly overstate the amount of support for those programmes because, in recent years, other resources contributions have significantly exceeded the amounts estimated at the start of the biennium, while management costs have not increased at a similar pace.

23. Thus, when considering the actual expenditure performance for 2006, the same analysis (see annex 1, table 5) shows that aggregate variable indirect costs for donor (multi- and bilateral) resources comprise 7 per cent of total programme expenditure.

24. Based on the analyses above, it is important to point out that the 'ideal' GMS rate is at best a moving target, in that it varies from year to year based on the actual regular and other resources delivery. Therefore, the ideal applicable rate during the current biennium may well change during the next one, as a function of both regular and other resources. Nonetheless, it is reasonable to conclude that, in aggregate, a proportional support rate for donor-financed programmes is somewhere between 7 and 8 per cent.

25. On a related level, members of the Board have shown an interest in understanding whether certain types of projects and programmes cost more than others to manage and oversee. It has been argued that there are differences between projects consisting principally of a few large procurements and those that involve much more hands-on oversight. Determining precisely what those differences are, however, would be relatively expensive, involving very detailed observation of management both in country offices and at headquarters. To do that would entail undertaking much more detailed reviews, arranging visits to the selected countries and conducting in-depth interviews with staff to determine the amount of time spent providing management and oversight for specific activities.

26. A key question in this context is how the results of such a study would be used. The intent at present is to establish a single, harmonized rate or set of rates that will apply throughout UNDP and the other agencies, funds and programmes. Would a study that showed, for example, that large procurement projects cost 5 per cent to administer while others cost, say, 9 per cent to oversee, affect that overall decision? If UNDP were considering instituting a 'user fee' or, more precisely, a 'donor fee' system based on a sliding scale to cover management costs, it would be worth undertaking detailed studies before doing so. Such a system would be more complex to administer and monitor, and, more importantly, could impel donors to invest more

in projects that cost less to administer rather than those that are most important for development. Further, its application might lead to considerable delays or inefficiencies in the negotiation of each contribution.

27. In conclusion, technical criteria, as identified in this section, allow the organization to determine with satisfactory accuracy what an 'ideal' cost recovery rate for indirect costs might be. Ultimately, the adoption of a specific cost recovery rate by the organization is dependant on a number of factors in addition to the overarching objective to distribute the cost of key investments in support functions proportionately among regular and other resources. The additional factors shaping the policy include the need for strategic investments, ease of application, and harmonization priorities.

V. Progress towards interagency harmonization of cost recovery rates

28. Rate harmonization remains an important driver of any policy review process. As noted in DP/2006/41, much progress has been made in this area with the recent decision by UNDG 'ExCom agencies' (UNDP, UNFPA, the United Nations Children's Fund, and the World Food Programme) to align their cost recovery rates at 7 per cent for multi-donor trust funds and joint programmes. A significant prompt for the rate harmonization exercise came from the Joint Inspection Unit (JIU), whose 2002 report[6] recommended harmonization around a single rate stemming from the common cost-recovery principles and definitions (see chapter II). At its meeting on 14 September 2006, the UNDG Management Group reiterated its endorsement of a proposal submitted in June 2006 by the above four organizations on the harmonization of cost-recovery rates for these increasingly relevant funding modalities.

29. While it is premature to report on the initial results of the harmonized practice, some important considerations should be made that may guide future interactions with the Board. First, the main concern of the harmonization exercise is to send a strong signal to the donor community in line with the goals of United Nations reform. Donors have traditionally been faced with a fragmented picture of support costs, with different organizations charging differing rates. Rate harmonization is expected to provide an incentive to donors to continue to assign resources through joint programming and multi-donor type funds, which imply increased efficiencies.

30. However, it should be noted that different organizations have traditionally presented differing cost recovery approaches, chiefly because no two share exactly the same cost structure. Technically, the peculiarities of each organization make it challenging to establish that they share exactly the same level of management structures and costs, which would justify the 7 per cent rate approach. For instance, a significant portion of the other resources portfolio of UNDP represents resources mobilized locally and directly by country offices. Other organizations may work predominantly through, say, centrally-negotiated trust fund agreements. It is legitimate to speculate that the management costs may vary because of differences in the manner in which funds are mobilized, received, and reported on under the two funding modalities. Cost-recovery rates alignment, therefore, must take place within

[6] See *Support costs related to extrabudgetary activities in organizations of the United Nations system* (JIU/REP/2002/3).

reason and should be thoroughly tested, limited at first to the multi-donor trust fund and joint programming context.

VI. Policy reformulation and conclusions

31. The elements of analysis presented in this paper show that the current flexibility (in the 5-7 per cent range), by implicitly accepting 5 per cent as the acceptable level of GMS charges, runs counter efforts to achieve full proportionality. In that respect, UNDP has concluded that a 7 per cent flat fee on trust funds and third-party cost-sharing would be more closely aligned with what is considered the appropriate rate required to avoid undue subsidization by the biennial support budget. Furthermore, that rate is consonant with the recent inter-organization simplification and harmonization efforts, and, in particular the recent consensus by UNDG ExCom agencies to align their respective cost recovery rates (see chapter V, above).

32. Additionally, a strong case can be made that increased cost recovery would translate into augmented management resources for key investment areas. (A recent JIU report, for example, suggests that there should be increased investment in oversight functions across the United Nations system[7]. Similarly, there is an argument that management fees should include a measure of risk management connected to the additional potential liabilities of handling other resources. Moving to 7 per cent GMS could thus make additional resources available to the organization with which to support its substantial other resources portfolio.

33. It is therefore proposed that, as a general rule, all *new* other resources contributions (that is, contributions received after the annual session of the Board 2007), in the form of third-party cost-sharing, trust funds, and special activities contributions should be subject to a flat cost-recovery rate of 7 per cent, thus eliminating the range of 5-7 per cent within which UNDP was expected to set the GMS rate according to unspecified criteria. GMS for programme country cost-sharing would continue to be 3 per cent.

Table 2. Proposed GMS rates applicable to different types of contribution

Type of contribution	GMS rate
All third-party cost sharing and trust fund contributions	7 per cent
Programme country (Government) cost-sharing	3 per cent

34. Such a fixed-rate policy would eliminate the tendency to negotiate GMS, as presently happens by virtue of the 'range' approach. Such negotiations are costly and time consuming, and delay the commencement of development assistance.

35. It should be emphasized that, if endorsed, this proposed policy adjustment would be limited to trust-fund and third-party contributions received by the organization after its endorsement. It would be unrealistic to expect current agreements to be retrofitted and donors to agree to apply a GMS increase to programmes currently under implementation or to contributions scheduled to be received as part of existing agreements. In the short to medium term, the legacy of existing agreements for which GMS has been stipulated below 7 per cent is likely to result in aggregate recovery rates that are somewhat below the policy target.

[7] See JIU/Rep/2006/2.

36. The above consideration must inform any attempt to project the amounts of extrabudgetary income (in the form of GMS recovery) over the next several years. A reasonable assumption would be that initially some 30-50 per cent of programming will carry legacy rates below 7 per cent. Based on that legacy assumption, and on the other resources income projections contained in the draft UNDP strategic plan, 2008-2011 (DP/2007/19) currently under discussion, a successful 7 per cent GMS recovery on all new third-party (bi- and multilateral) donor contributions would likely yield additional extrabudgetary income from GMS somewhere in the range of $20-30 million in the first year.

37. Finally, the desirability of maintaining some degree of authority to grant exception to the 7 per cent flat rule should be noted. UNDP argues that some flexibility should be retained to accommodate specific donor contributions where strategic partnership and size of contribution play a major role. It has been argued that the volume of contribution should drive the rate at which support costs are charged since economies of scales lead to efficiencies and savings. The current UNDP policy implicitly recognizes that argument in that it recommends a 3 per cent rate for programmes funded through programme country (local) resources.

38. A GMS rate driven by volume might possibly act as an incentive for donors to make larger contributions, although it is difficult to establish a causal link between current policy and size of contribution. UNDP carried out a sample analysis of other resources contributions received in 2005 over $1 million, as summarized in table 3.

Table 3. Other resources contributions over $1 million received in 2005

	No. of contributions	%
Above $100m	1	0.19%
Between $100million and $50 million	2	0.37%
Between $50 million and $25 million	8	1.49%
Between $25 million and $15 million	15	2.79%
Between $15 million and $10 million	19	3.54%
Between $10 million and $5 million	52	9.68%
Between $5 million and $1 million	440	81.94%
Total number of contributions	537	

39. The median contribution in this sample amounted to $2.2 million. Over 80 per cent of contributions were between $1 million and $5 million. Further, even in case of larger contributions, these may come to UNDP in a number of separate tranches which require dedicated recording and reporting. The methodology used by UNDP aims to apportion all attributable variable indirect support costs proportionately between regular and other resources in the aggregate, not at the project level. It would be impractical to prescribe an artificial GMS 'discount' mechanism that would assign lower GMS rates to larger contributions. That would make policy application more cumbersome, as has been demonstrated by the experience of other United Nations organizations.

40. Instead, UNDP should retain its ability to provide such discounts on the basis of an ad hoc case to be made for a specific contribution where it is apparent that the volume of the contribution far exceeds the current norm. Such exceptions to the 7 per cent rule would have to be cleared through a case-by-case review mechanism that would take into account specific strategic priorities and harmonization goals.

41. Finally, in the interests of overall efficiency, the revised policy should simplify the current approach for the recovery of ISS.

42. In the light of the past several years of implementation, the recovery of ISS presents unique implementation challenges related to 'transactional' ISS, that is, implementation services traceable to specific transactions. This includes the cost to UNDP of making a payment to a vendor or carrying out a recruitment action. According to the current policy, offices are to recover these transaction costs for ISS by charging a set fee to the project budget for each transaction. However, offices have pointed out that policy application can be very labour intensive: technically, each time a transaction is provided to a project, a bill line needs to be created in the system, properly referenced, and charged against the relevant budget line. This process can be burdensome and may not always result in efficient use of time.

43. Consequently, UNDP will no longer recover ISS through a charge based on the transactional count of ISS provided to projects and programmes funded from other resources. Country offices are encouraged to identify in the design of projects all the necessary support elements, and to establish corresponding budget lines in the programme budgets for these direct costs, consistent with the harmonized cost definitions in box 2, above.

Annex 1. Calculation of programme variable indirect costs for general management support

(a)

Table 4. Variable indirect costs based on estimates contained in the biennial support budget, 2006-2007 *(in millions of dollars)*

Category	Regular resources	Other resources[1/]	Total
Estimated programme, 2006-2007	1,190	2,842	4,032
Net support to the biennial support budget, 2006-2007	648	130	778
Less base structure	(446)		(446)
Variable indirect costs	202	130	332
Variable indirect costs as % of programme	17.0%	4.6%	**8.2%**

[1/] Excludes programme country cost-sharing, and direct support costs to programme and funds

Table 5. Variable indirect costs for regular and other resources based on actual expenditure for 2006 *(in millions of dollars)*

Category	Regular resources	Other resources	Total
Programme expenditure, 2006 p	557 [1/]	1,981 [2/]	2,538
Biennial support budget expenditure, 2006	289 [3/]	88 [4/]	377
Less base structure	(199)		(199)
Variable indirect costs	90	88	178
Variable indirect costs as % of programme	16.2%	4.4%	**7.0%**

[1/] Regular resources expenditure includes $532 million related to programme lines. See document DP/2007/17/Add.2, Table 3.

[2/] Other resources expenditure: includes multi- and bilateral donor resources. Excludes local resources. Source: DP/2007/17/Add.2, Tables 4 and 5 (a).

[3/] Biennial support budget expenditure: actual expenditure (preliminary figures for 2006) minus biennial support budget income and UNCDF.

[4/] UNDP estimates of the proportional share of 2006 extrabudgetary expenditure (excludes ISS, UNDP services and GMS charged to local resources.

Annex 2. General management support as a percentage of programme, 2004-2006: regional overview

Table 6. Cost recovered from programme country cost-sharing, by region
(in dollars)

Region	2004 Total programme expenditure	2004 GMS collected	2004 GMS recovery rate	2005 Total programme expenditure	2005 GMS collected	2005 GMS recovery rate	2006 Total programme expenditure	2006 GMS collected	2006 GMS recovery rate
Africa	$4,029,559	$175,626	4.36%	$19,424,517	$947,311	4.88%	$38,777,783	$1,611,514	4.16%
Asia Pacific	$23,992,574	$82,601	0.34%	$12,231,333	$51,770	0.42%	$19,734,810	$203,261	1.03%
Arab States	$46,897,322	$1,195,681	2.55%	$60,138,213	$2,055,728	3.42%	$82,986,514	$2,746,681	3.31%
Europe/CIS	$40,528,979	$1,517,806	3.74%	$64,956,834	$2,159,092	3.32%	$72,211,238	$2,356,060	3.26%
Latin America	$921,897,120	$27,327,192	2.96%	$970,602,597	$33,506,561	3.45%	$1,144,547,336	$34,176,100	2.99%
Grand total	$1,037,345,554	$30,298,905	2.92%	$1,127,353,493	$38,720,461	3.43%	$1,358,257,680	$41,093,616	3.03%

Source: Atlas general ledger data, charges to accounts 75105, 75110 and 75115

Table 7. Cost recovered from trust funds and third-party cost sharing*, by region
(in dollars)

Region	2004 Total programme expenditure	2004 GMS collected	2004 GMS recovery rate	2005 Total programme expenditure	2005 GMS collected	2005 GMS recovery rate	2006 Total programme expenditure	2006 GMS collected	2006 GMS recovery rate
Africa	$189,878,624	$6,162,902	3.25%	$491,810,062	$18,309,418	3.72%	$512,155,844	$24,085,954	4.70%
Asia Pacific	$499,286,292	$12,489,195	2.50%	$634,039,840	$16,715,536	2.64%	$393,363,358	$18,019,375	4.58%
Arab States	$138,712,326	$1,609,068	1.16%	$209,149,726	$15,607,430	7.46%	$206,618,308	$8,027,967	3.89%
Europe/CIS	$102,812,141	$3,098,599	3.01%	$148,793,231	$5,666,114	3.81%	$127,037,714	$7,043,299	5.54%
Latin America	$144,715,496	$4,599,855	3.18%	$182,700,907	$5,872,342	3.21%	$144,488,540	$6,266,433	4.34%
Grand Total	$1,075,404,879	$27,959,620	2.60%	$1,666,493,764	$62,170,841	3.73%	$1,383,663,764	$63,443,027	**4.59%**

**Excludes centrally managed trust funds, for which GMS is recovered at 5% minimum.*
Source: Atlas general ledger data, charges to accounts 75105, 75110 and 75115